

**COMMERCIAL ALCOHOLS
LIMITED**

Seventeenth
**ANNUAL
REPORT**

**FOR THE YEAR ENDING
MARCH THIRTY-FIRST, 1940**

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MCGILL UNIVERSITY

COMMERCIAL ALCOHOLS LIMITED



DIRECTORS

THOS. ARNOLD, *Chairman*

C. G. KERTLAND, *President*

JOHN IRWIN, *Vice-President*

W. J. HENDERSON

A. LAFONTAINE, K. C.

F. J. MANNING

J. A. WALES



Head Office :

3176 NOTRE DAME STREET EAST, MONTREAL



Transfer Agents :

EASTERN TRUST CO., MONTREAL, QUE.



Auditors:

MCDONALD, CURRIE & CO.

COMMERCIAL ALCOHOLS LIMITED

May 21st, 1940.

To the Shareholders:

Your Directors submit herewith your Company's Seventeenth Annual Report, together with Balance Sheet as at March 31, 1940, also Statement of Profit and Loss and Surplus Account for the twelve-month period ending on that date.

During the year dividends amounting to forty cents per share were paid on the Preference Shares of the Company, and a nominal dividend of ten cents per share was paid on the ordinary shares. Your Directors also declared a dividend of ten cents per share on the Common Stock of the Company payable May 1st to Shareholders of record April 15, 1940.

The net profits for the year, after deducting all charges and expenses for management, depreciation, and providing for Dominion and Provincial Income Taxes, were \$97,429.54. After disbursing \$37,911.50 in dividends, the earned surplus was increased from \$66,093.06 of the previous year to \$129,976.48, and the working capital of the Company increased from \$172,843.66 to \$233,365.45.

The sum of \$22,763.03 was invested in additional plant and equipment during the year under review, the main additions being copper storage tanks for alcohol, and an underground tunnel from the plant to the wharf for the molasses unloading pipe and a water pumping system. Both the additions will facilitate operations and result in increased earnings.

Your Company completed an arrangement with the U. S. Industrial Chemicals, Inc., of New York, to use under license their special patented formula for the manufacture of SUPER PYRO Antifreeze. This product was placed on the Canadian market last Fall for the first time by your Company, and the results have been most satisfactory.

Raw materials required by your Company have naturally increased in price due to war conditions, and it has been necessary to increase selling prices on the products to compensate the Company for these increased costs.

No fixed policy has been adopted in regards to compensation to employees enlisting for Active Service, but it has been decided to treat each case on its merits.

A change has been made to the Company's By-laws by the addition of By-law No. 15A, in which the Board may by resolution appoint one or more Assistant-Secretaries or Assistant-Treasurers and/or a combination of both who shall have the powers and fulfill the duties of the offices of Secretary or Treasurer respectively, and this By-law will be submitted to the Shareholders at the Annual Meeting for ratification.

Your Company's operations and sales during the year under review were very satisfactory, and while restrictions imposed on imports by Australia and New Zealand have reduced the amount of our 85% MAGNESIA export business, the increase in Canadian business has more than made up for these losses.

The Company's plants and equipment have been well maintained and are in good condition.

Your Directors wish to express their appreciation of the faithful and efficient services rendered by the staff and employees.

Respectfully submitted,

On behalf of the Board,

C. G. KERTLAND,
President.

COMMERCIAL ALCOHOLS LIMITED



AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Commercial Alcohols Limited for the year ended 31st March, 1940, and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the attached Balance Sheet and Relative Statements of Income and Expenditure and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, and the results of the operations for the year, according to the best of our information and the explanations given to us and as shown by the books of the Company.

(Signed) McDONALD, CURRIE & CO.,

Chartered Accountants.

Montreal, May 3rd, 1940.

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Balance Sheet as at

ASSETS

CURRENT ASSETS:

Cash	\$ 32,024.96	
Dominion of Canada bonds—at market value.....	35,000.00	
Accounts receivable—less reserve	32,097.42	
Inventories—finished products, raw materials and supplies—as determined by actual count, weight or measurement, and valued at cost which is not in excess of market values.....	155,308.03	
	<u>\$254,430.41</u>	
Containers on hand	12,689.50	\$267,119.91

DEFERRED CHARGES:

Deferred charges	\$ 5,942.31	
Prepaid expenses.....	5,716.86	
	<u>11,659.17</u>	

FIXED ASSETS:

Buildings, plant and equipment—at cost.....	368,448.96	
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RIGHTS AND CONTRACTS.....	113,652.09	
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APPROVED ON BEHALF OF THE BOARD:

THOMAS ARNOLD
C. GORDON KERTLAND } *Directors.*

\$760,880.13

Submitted with our

Montreal, May 3rd, 1940

COHOLS LIMITED

31st March, 1940

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued charges	\$ 6,786.02	
Provision for taxes including Dominion and Provincial income taxes	21,968.44	
Preferred dividend payable 15th April, 1940	5,000.00	
	<u> </u>	\$ 33,754.46

RESERVE FOR DEPRECIATION OF FIXED ASSETS	168,547.19
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CAPITAL AND SURPLUS:

Preferred stock—

Authorized, Issued and Fully Paid 50,000 8% cumulative convertible redeemable shares of a par value of \$5.00 each	\$250,000.00
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Common stock—

Authorized:

400,000 shares without nominal or par value

Issued and Fully Paid:

178,000 shares at 31st March, 1939. \$168,322.00

10,280 shares issued, for
cash, under employees'
stock subscription plan 10,280.00

188,280 shares at 31st March, 1940 178,602.00

Earned Surplus—

as per attached statement	129,976.48	
	<u> </u>	558,578.48

N.B.—A dividend of 10 cents per common share has been declared payable on the 1st May, 1940, to record of 15th April, 1940.

CONTINGENT LIABILITY—in respect of containers in the hands of customers if returned within ninety days of shipping date . . .

\$760,880.13

Report of this date.

McDONALD, CURRIE & CO.,

Chartered Accountants.

COMMERCIAL ALCOHOLS LIMITED



GENERAL STATEMENT OF INCOME AND EXPENDITURE

for the year ended 31st March, 1940

NET OPERATING PROFIT—before the following deductions	\$152,289.50
Salaries and fees paid to executive officers.....	\$ 14,420.00
Fees paid to other directors.....	940.00
Legal fees.....	95.00
	15,455.00
	\$136,834.50
Provision for depreciation.....	18,738.09
	\$118,096.41
Provision for Dominion and Provincial income taxes.....	20,666.87
NET PROFIT.....	<u>\$ 97,429.54</u>

STATEMENT OF EARNED SURPLUS

for the year ended 31st March, 1940

BALANCE AT CREDIT—31st March, 1939	\$ 66,093.06
ADD: Adjustments applicable to prior periods	\$ 4,365.38
Net Profit for the year.....	97,429.54
	101,794.92
	\$167,887.98
DEDUCT: Preferred dividends paid and payable.....	\$ 20,000.00
Common dividend paid.....	17,911.50
	37,911.50
BALANCE AT CREDIT—31st March, 1940	<u>\$129,976.48</u>

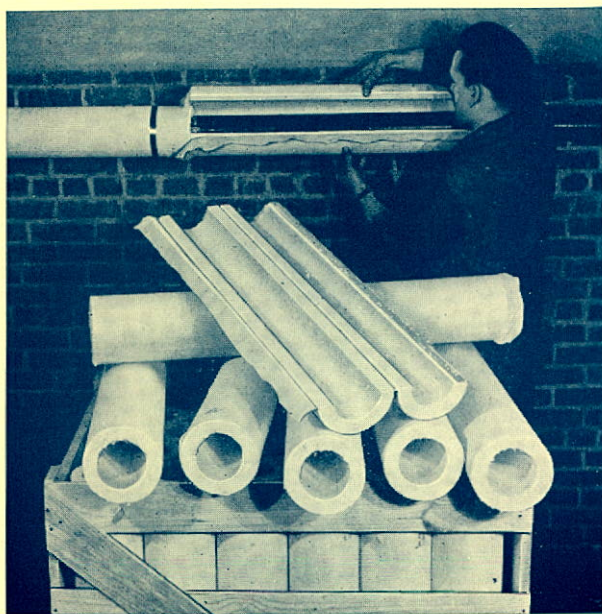
COMMERCIAL ALCOHOLS LIMITED

Products:

SUPER PYRO
ANTI-FREEZE

•
All Grades of Pure and
Denatured Ethyl Alcohol
•

85% MAGNESIA INSULATION



IN ALL STANDARD SHAPES AND SIZES

COMMERCIAL ALCOHOLS LIMITED



Comparative Statements

INCOME AND SURPLUS ACCOUNT

(Years ending March 31st)

	1940	1939	1938
NET OPERATING PROFIT	\$152,289.50	\$121,423.02	\$102,655.08
LESS: Executive Salaries and Fees	14,420.00	14,380.00	13,750.00
Directors' Fees	940.00	960.00	1,240.00
Depreciation	18,738.09	17,075.29	26,572.15
Income Taxes	20,666.87	15,504.23	10,710.02
NET PROFIT	\$ 97,429.54	\$ 73,091.40	\$ 48,930.31
LESS: Preferred Dividends	20,000.00	20,000.00	15,000.00
	\$ 77,429.54	\$ 53,091.40	\$ 33,930.31
LESS: Common Dividends	17,911.50	—	—
	\$ 59,518.04	\$ 53,091.40	\$ 33,930.31
Previous Surplus or Deficit	66,093.06	14,331.48	D 19,598.83
Reserve for containers	—	4,490.11	—
Adjustment prior period	4,365.38	—	—
	\$129,976.48	\$ 71,912.99	\$ 14,331.48
LESS: Taxes prior periods	—	5,819.93	—
EARNED SURPLUS	\$129,976.48	\$ 66,093.06	\$ 14,331.48
WORKING CAPITAL:			
CURRENT ASSETS	\$267,119.91	\$201,149.35	\$152,256.68
CURRENT LIABILITIES	33,754.46	28,305.69	29,168.52
WORKING CAPITAL	\$233,365.45	\$172,843.66	\$123,088.16

